

REMARKS

Applicants respectfully request reconsideration of the instant application in view of the foregoing amendments and the following remarks. Claims 1, 4-6, 10-15, 17, and 18 are pending in the instant application. Claims 7-9, 16, and 19 have been previously canceled. Claims 1, 10, 17, and 18 are the only independent claims. Claim 18 is currently amended. No new matter has been added by this amendment. Applicants have amended independent claim 18 to provide clarification and/or to better track business practices. Applicants further maintain that the claims in their original form are in condition for allowance and explicitly reserve the right to add/pursue the claims as originally filed at a later date and/or in one or more continuation applications.

Claim Rejections – 35 USC § 101

In the Office Action claim 18 is rejected under 35 U.S.C. § 101 as allegedly been directed to nonstatutory subject matter. More specifically, it is alleged in the Office Action that "[I]nstructions (or software) not claimed as embodied in computer-readable media are descriptive material per se and are not statutory because they are not capable of causing functional change in the computer. (*See*, November 26, 2008 Office Action, p. 2, para. 1). Applicants respectfully traverse the Examiner's rejection. Applicants respectfully submit that there is no test for non-statutory subject matter that subjectively precludes the aforementioned claims. Per MPEP § 2106, Section IV, the Office Action is instructed to "[d]etermine whether the claimed invention complies with 35 U.S.C. 101." MPEP § 2106, IV(B)(1)(a-c) establishes three categories for Non-Statutory subject matter:

- a). Functional Descriptive Material;
- b.) Nonfunctional Descriptive Material; and

c.) Natural Phenomena Such as Electricity and Magnetism.

Applicants submit that the elements recited in the noted claim is, in fact, directed to statutory subject matter and are not precluded by any of the established categories of Non-Statutory subject matter. More specifically, a processor-implemented medium, may tangibly hold and execute the elements described in the claims without any energy. Though Applicants respectfully traverse the Examiner's rejection and reserve the right to argue patentability of the claims in their original form at a later time, Applicants have amended independent claims 18 to provide clarification and/or to better track business practices. Independent claim 18 recites a "processor-readable medium storing a plurality of processing instructions, for performing a netting analysis of a netting agreement, comprising issuable instructions by a processor to:" Applicants submit that support for the amendments may be found throughout the originally filed specification, drawings, and claims, and that no new matter has been added by way of this amendment. Accordingly, for at least these reasons, Applicants submit that independent claim 18 is directed to statutory subject matter and withdrawal of this ground of rejections is requested.

Rejections Under 35 USC § 103

Claims 1, 4-6, 10-15, and 17-18 have been rejected under 35 U.S.C. 103(a) as being unpatentable over Bell (UK Patent application No. 2,354,608) in view of Jaro (U.S. Patent No. 6,938,053). Applicants respectfully traverse the Examiner's rejections.

Claim 1 recites, "the **netting determination having an indication of a level of confidence** associated with the netting determination that **indicates an enforceability of the netting determination in addition to a qualification of the netting determination.**"

(Emphasis added). The Office Action on page 4 admits that Bell does not teach this limitation. (See, Office Action, November 26, 2008, page 4, paragraph 4). The Office Action has cited Jaro to cure these deficiencies. The Office Action asserts that "it would have been obvious...to allow the netting determination having an indication of a level of confidence...in addition to a qualification of the netting determination of Bell because Jaro teaches that including above features would enable to categorize items in a training set less number of incorrectly categorized items..." (Office Action, November 26, 2008, page 4, paragraph 4). Applicants respectfully disagree.

Jaro generally relates to categorization techniques. The Office Action itself states that "Jaro teaches assigning confidence level for categorization process." Jaro has no concept of an indication of confidence level for netting agreements and it "relates to techniques for suggesting or assigning a category for an item to be added to a database based on the principles of Record Linkage Theory, and techniques for determining a confidence level for the categorization process." (Jaro, col. 1, Technical Field). The cited portions of Jaro merely describe that "the confidence level is a number of correctly categorized items in the training set less a number of incorrectly categorized items in the training set." A method to suggest or assign a category for an item before it is added to a database where the confidence level is a number of correctly categorized items in the training set less a number of incorrectly categorized items in the training set is not a confidence level associated with a netting determination. As such Jaro provides a confidence of categorization which is not the same or equivalent to a confidence level associated with netting. The mere mention of the phrase "confidence level" in Jaro is not sufficient to disclose these limitations of claim 1.

Therefore, the cited portions of Jaro fail to disclose "the **netting determination having an indication of a level of confidence** associated with the netting determination," let alone the netting determination that "**indicates an enforceability of the netting determination in addition to a qualification of the netting determination**" as required by claim 1. As such, Applicants respectfully submit that independent claim 1 is distinct over the applied references of Bell and Jaro, alone or in combination, for at least the reasons given above.

Claim 1 further recites "**generating a netting determination indicative of an ability of the party and counterparty to net under said netting agreement based**, at least in part, on a result of said comparing. (Emphasis added). The Office Action has cited figure 3b step 39, page 3, lines 5-17, and page 9, lines 14-30 to page 10, lines 1-11 of Bell in rejecting these limitations. Applicants respectfully submit that these cited sections of Bell merely discuss a set of projected exposure values and a counterparty credit risk value of transactions at a later date. As an example, one cited portion of Bell states that "the engine 13 then proceeds to calculate the counterparty credit value of transactions in a proposed agreement provided the status is YES... The counterparty credit risk value of all transactions which are still active of any future date is calculated...where the transaction exposure maturity date is later than the selected date. (Bell, page 9, lines 14-30; page 10, lines 1-11)

This discussion makes reference to calculating a counterpart credit risk value for a later transaction exposure maturity date which is fundamentally different than generating a netting determination indicative of an ability of the party and counterparty to net under a netting agreement as recited by claim 1. Claim 1 is allowable for at least these additional reasons.

Further, contrary to what the Office Action asserts, it would **not** have been obvious "to one of the ordinary skill in the art at the time the invention was made to allow the netting

determination having an indication of a level of confidence associated with the netting determination that indicates an enforceability of the netting determination in addition to a qualification of the netting determination of Bell because Jaro teaches that including above features would enable to categorize items in a training set less number of incorrectly categorized items in the training set." (Office Action, November 26, 2008, page 4, paragraph 4).

Applicants also submit that the pending rejection has provided no indication of the level of ordinary skill in the art. MPEP § 2141 (II)(C) states, "Any obviousness rejection should include, either explicitly or implicitly in view of the prior art applied, an indication of the level of ordinary skill." The pending rejection refers that it "would have been obvious to one of the ordinary skill in the art at the time the invention was made to allow ...," (Office Action, November 26, 2008, page 4, paragraph 4), but has provided no indication or discussion of the level of ordinary skill associated therewith. MPEP § 2141.03 (III) states, "The importance of resolving the level of ordinary skill in the art lies in the necessity of maintaining objectivity in the obviousness inquiry." Applicants submit that impermissible hindsight has been applied in asserting obviousness of the various claim elements without providing an indication of the level of ordinary skill. As such, Applicants respectfully request that, if the Examiner maintains this rejection, the Examiner discuss the level of ordinary skill in the art at the time of the invention and clarify how the claimed subject matter would have been obvious to one possessing that level of skill.

Although of different scope than independent claim 1, Applicants submit that independent claims 10, 17, and 18 recite the same limitation, among other limitations, of generating "a netting determination indicative of an ability of the party and counterparty to net under said netting agreement based, at least in part, on a result of said comparing, the netting

determination having an indication of a level of confidence associated with the netting determination that indicates an enforceability of the netting determination in addition to a qualification of the netting determination" and are patentably distinct from the cited references, taken alone or in combination, for at least similar reasons to those discussed above identifying deficiencies in the cited references with respect to independent claim 1. Furthermore, Applicants submit that claims 4-6 and 11-15, which depend directly or indirectly from independent claims 1 and 10 are also patentably distinct from the cited references, taken alone or in combination, for at least similar reasons to those discussed above identifying deficiencies in the cited references with respect to the independent claims. Accordingly, Applicants respectfully request reconsideration and withdrawal of this basis of rejections for these claims as well.

CONCLUSION

Consequently, the reference(s) cited by the office action do not result in the claimed invention, there was/is no motivation for such a combination of references (i.e., cited references do not teach, read on, suggest, or result in the claimed invention(s)), and the claimed inventions are not admitted to be prior art. Thus, the Applicant respectfully submits that the supporting remarks and claimed inventions, claims 1, 4-6, 10-15, 17, and 18, all: overcome all rejections and/or objections as noted in the office action, are patentable over and discriminated from the cited reference(s), and are in a condition for allowance. Furthermore, Applicant believes that the above remarks, which distinguish the claims over the cited reference(s), pertained only to noted claim element portions. These remarks are believed to be sufficient to overcome the prior art. While many other claim elements were not discussed, Applicant asserts that all such remaining and not discussed claim elements, all, also are distinguished over the

prior art and reserves the opportunity to more particularly remark and distinguish such remaining claim elements at a later time should it become necessary. Further, any remarks that were made in response to an Examiner objection and/or rejection as to any one claim element, and which may have been re-asserted as applying to another Examiner objection and/or rejection as to any other claim element(s), any such re-assertion of remarks is not meant to imply that there is commonality about the structure, functionality, means, operation, and/or scope of any of the claim elements, and no such commonality is admitted as a consequence of any such re-assertion of remarks. As such, Applicant does not concede that any claim elements have been anticipated and/or rendered obvious by any of the cited reference(s). Accordingly, Applicant respectfully requests allowance, and the reconsideration and withdrawal of the rejection(s) and/or objection(s).

If a telephone conference would facilitate prosecution of this application in any way, the Examiner is invited to contact the undersigned at the number provided.

AUTHORIZATION

The Commissioner is hereby authorized to charge any additional fees which may be required for consideration of this Amendment to Deposit Account No. 03-1240, Order No. 17209-319. In the event that an extension of time is required, or which may be required in addition to that requested in a petition for an extension of time, the Commissioner is requested to grant a petition for that extension of time which is required to make this response timely and is hereby authorized to charge any fee for such an extension of time or credit any overpayment for an extension of time to Deposit Account No. 03-1240, Order No. 17209-319.

Respectfully submitted,
CHADBOURNE & PARKE , L.L.P.

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By: /Walter G. Hanchuk/

Walter G. Hanchuk
Registration No. 35,179

Address:

CHADBOURNE & PARKE, L.L.P.
30 Rockefeller Plaza
New York, NY 10112
212-408-5100 Telephone
212-541-5369 Facsimile